

**DEPARTMENT OF THE NAVY
HUMAN RESOURCES SERVICE CENTER NORTHEAST**

EMPLOYEE BENEFITS UPDATE 01-04

SUBJECT: Thrift Savings Plan (TSP) Open Season

DATE: May 10, 2001

TSP Open Season Highlights:

- . Two New Investment Funds (I and S)**
- . Increased Employee Contribution Limits**
- . Earlier Participation Dates**
- . Election and Allocation Changes (New TSP-1 and TSP-50 Forms)**

TSP Open Season **begins May 15, 2001 and ends July 31, 2001**. During this time you may begin contributing to the TSP, change the amount of your TSP contributions, or allocate TSP contributions to your account among the **five** investment funds. Significant changes to the TSP have been implemented beginning with this Open Season.

TWO NEW INVESTMENT FUNDS

There are now five investment funds you may invest all or any portion of your TSP contributions. They are the Government Securities Investment (**G**) Fund, the Common Stock Index Investment (**C**) Fund, the Fixed Income Index Investment (**F**) Fund, the Small Capitalization Stock Index Investment (**S**) Fund, and the International Stock Index Investment (**I**) Fund. This is true whether you are covered by Federal Employees' Retirement System (**FERS**) or Civil Service Retirement System (**CSRS**). Information concerning the five investment funds can be found in the booklet, "Summary of the Thrift Savings Plan for Federal Employees" revised May 2001 or on the TSP Website www.tsp.gov.

INCREASED EMPLOYEE CONTRIBUTION LIMITS

Beginning this open season, FERS employees may contribute up to **11%** of basic pay; CSRS employees may contribute up to **6%**. The total amount an employee can contribute will continue to be capped by the Internal Revenue Service (IRS). For the year 2001, the elective deferral limit is **\$10,500**. There are no changes to the amount of agency contributions made to the TSP accounts of FERS employees.

EARLIER PARTICIPATION DATES

All employees covered by **FERS** and **CSRS** appointed before July 1, 2001 are eligible to make a TSP election this open season. Please note that employees appointed on or after July 1, 2001 will have 60 days from the effective date of their appointment to make TSP contribution elections. Employees covered by FERS who were not previously eligible for agency contributions must still serve the required waiting period before receiving agency contributions.

If you stopped your TSP contributions before February 1, 2001, you may resume your contributions this open season. If, however, you stopped your contributions on or after February 1, 2001, you may not elect to begin contributing again until the next TSP open season beginning November 15, 2001.

ELECTION AND ALLOCATION CHANGES (NEW TSP-1 AND TSP-50 FORMS)

Effective May 1, 2001, employees will no longer indicate how they want to invest their own and their agency TSP contributions on the Thrift Savings Plan Election Form, TSP-1. The TSP-1 has been revised (May 2001) and can only be used to start, change or stop the amount of your contributions. (All previous editions of the TSP-1 are obsolete and should be discarded.) Refer to the paragraph "How to Make an Open Season Election" for instructions on obtaining a TSP-1 form.

Employees will now be required to submit all requests for fund contribution allocations and interfund transfers directly with the Thrift Savings Board (TSP). These requests for fund contribution allocations and interfund transfers can be made at any time. You may make your request for fund contributions or interfund transfers in any of the three ways:

- **TSP Website** – www/tsp.gov (Account Access section). If you have Internet access and your browser supports the 128-bit encryption, you can make your request in the secure area of the TSP Website. You will need your Social Security Number (SSN) and your TSP Personal Identification Number (PIN)**. Your request is recorded immediately, avoiding the mailing and processing time of a paper request.
- **TSP ThriftLine** – (504) 255-8777. You must call from a touch-tone telephone. You will need your SSN and TSP PIN**. Your request is recorded immediately, avoiding the mailing and processing time of a paper request.
- **Form TSP-50.** The Form TSP-50, Investment Allocation was developed to be used for all allocations of monies and interfund transfers. **The completed TSP-50 form should mailed directly to the TSP Service Office.** Do not submit the TSP-50 form to our office. We cannot process contribution allocations or interfund transfers. TSP-50 forms are available through your activity's Administrative Liaison/HRO Representative, by contacting the HRSC-NE staff at Phone Numbers DSN 243 or CM 215/408-4446 or 5619, or by e-mailing us at benefits_ne@ne.hroc.navy.mil. This form **is not** available on the TSP Website since it was designed to be read by an optical scanner. Photocopies of the form cannot be used and will not be processed by TSP. (TSP-30 Interfund Transfer Request is obsolete and should be discarded.)

You may invest all or any portion of these contributions in any of the five TSP investment funds: the Government Securities Investment (G) Fund, the Common Stock Index Investment (C) Fund, the Fixed Income Index Investment (F) Fund, the International Stock Index Investment (I) Fund, and the Small Capitalization Stock Index Investment (S) Fund.

Even if FERS employees do not contribute their own money, they can invest their Agency Automatic (1%) Contributions in any of the five TSP investment funds. For all new participants, their contributions and any Agency Automatic (1%) Contributions will be invested in the G Fund until they request a fund contribution allocation with TSP.

Please read the Plan Summary before you request a fund contribution allocation. The section on investment options describes the risks and advantages of the five TSP Funds and should be read carefully before you make an election to allocate TSP contributions to your account.

****TSP PERSONAL IDENTIFICATION NUMBER (PIN)**

Prior to November 1994, the Personal Identification Numbers (PIN) were listed on Participant Statements. If you do not have any statements dating that far back and/or you do not know your PIN, you

can request a new one at <http://www.tsp.gov> (click on Account Access) or from the ThriftLine at (504) 255-8777. For new participants: You will receive a letter from the TSP (National Finance Center) notifying you that your account has been established and assigning a PIN to your account. New participants cannot allocate contributions until receipt of this PIN number. Until a new participant requests a fund allocation with TSP, their contributions and any agency contributions will be invested in the G Fund.

HOW THE INVESTMENT OPPORTUNITY AFFECTS FERS EMPLOYEES

Your investment election applies to all contributions to your TSP account, i.e., Employee, Agency Automatic (1%), and Agency Matching Contributions. However, even if you are not making Employee Contributions, you may still make a TSP election to invest all or any portion of your agency Automatic (1%) Contributions in any of the five funds. This is true even if you are not able to make an election to contribute this open season because you stopped contributing after January 31, 2001.

HOW TO MAKE AN OPEN SEASON ELECTION

Employees who wish to enroll or change their enrollment must complete a Thrift Savings Plan Election Form, TSP-1. TSP-1 forms are available at the TSP's Website www.tsp.gov, through your activity's Administrative Liaison/HRO Representative, or by contacting the HRSC-NE staff at Phone Numbers DSN 243 or CM 215/408-4446 or 5619, or by e-mailing us at benefits_ne@ne.hroc.navy.mil. Upon completion, the TSP-1 forms must be mailed to the Human Resources Service Center NE, Code 51.1, 111 South Independence Mall East, Philadelphia, PA 19106-2598. FORMS MUST BE RECEIPTED BY COB JULY 31, 2001 and envelopes should be clearly marked "TSP OPEN SEASON." Due to the significant changes to the TSP, the HRSC-NE is expecting many more employees than usual to make open season changes. With this and the conversion to MODERN in mind, we are recommending that the completed TSP-1 forms be submitted as early as possible after your decision. **Only one Open Season TSP-1 election form may be submitted during an open season.**

EFFECTIVE DATES OF OPEN SEASON CHANGES

TSP-1 RECEIPTED

05-15-01 THRU 06-30-01
07-01-01 THRU 07-14-01
07-15-01 THRU 07-28-01
07-29-01 THRU 07-31-01

EFFECTIVE DATE

07-01-01
07-15-01
07-29-01
08-12-01

INFORMATION ABOUT TSP

The booklet, "Summary of the Thrift Savings Plan for Federal Employees," has been revised May 2001 and will be distributed to all employees at the beginning of this open season. This booklet discusses participation and contribution rules, investment options, interfund transfers, loans, withdrawals, and other important TSP information. This information is also available on the TSP Web site www.tsp.gov. All employees will also receive the flyer, "TSP Open Season Update (May 15-July 31, 2001).

If you have any questions about the TSP, visit the TSP Web site at: www.tsp.gov, call the TSP ThriftLine (504) 255-8777, or contact the HRSC-NE Benefits staff at phone numbers DSN 243 or CM 215/408-5619 and 4446. Hearing impaired employees may call our TDD number at (215) 408-5449. You can e-mail your questions to: benefits_ne@ne.hroc.navy.mil.